AR86

# THE TORONTO STOCK EXCHANGE
## TORONTO

BULLETIN NO. 8880
FEBRUARY 15, 1973

file

NEW LISTING

SYSTEMS DIMENSIONS LIMITED - SYSTEMES DIMENSIONS LIMITEE

Application has been made for the listing in the Industrial category of 2,994,613 common shares without par value of which 1,159,724 shares are subject to issuance. The shares will be posted for trading at the opening on Monday, February 19th.

STOCK SYMBOL: SDL POST SECTION: 8.6

Listing Statement No. 2602 has been prepared and accompanies this Bulletin. The following is some of the information in this Statement:-

Incorporated - The Company was incorporated under the laws of Canada by Letters Patent dated March 12, 1968, as a private company with an authorized capital of 19,000 preferred shares of the par value of ten dollars each and 10,000 common shares without par value. By Supplementary Letters Patent dated October 9, 1968, the authorized capital was altered by the cancellation of 19,000 preferred shares and the creation of 2,990,000 additional common shares without par value ranking pari passu with the existing 10,000 authorized common shares of the Company and the objects of the Company were broadened to include the operation of a computer service bureau. By Supplementary Letters Patent dated December 17, 1968, the Company became a public company and its name was changed to the present form. The approval of shareholders at a meeting held on November 9, 1972, the Company received Supplementary Letters Patent creating an additional one million common shares without nominal or par value ranking on a parity with the existing three million common shares without nominal or par value of the Company. Supplementary Letters Patent was received authorizing this increased capital on December 18th, 1972.

Head Office - 770 Brookfield Road, Ottawa, Ontario.

Nature of Business - The Company was established to provide a variety of computer services to commercial, industrial, financial and government organizations.

The Company's Computer Service Division sells computer service on a time-sharing basis either "over-the-counter" or remotely via communication lines. This remote "demand processing" is available either as RJE (Remote Job Entry) or CRBE (Conversational Remote Batch Entry).

In addition, through its Management Services Division, the Company offers a range of services including full or partial facilities management of a customer's data processing instalation and services related to the selection, instalation, operation, evaluation, and improvement of a customer's computer instalation.

Systemplan Limited, a wholly-owned subsidiary based in Ottawa, provides professional counsel in the field of large or complex systems design and review.

Softwarehouse Limited, another wholly-owned subsidiary based in Ottawa, offers services in the areas of systems design, program development, project management and consulting.

Systems Research Group Inc. is a Toronto based company which applies sophisticated analytical techniques to arrive at computer based solutions for problems in the fields of education, health care, urban development, environmental control and other fields of social concern. Systems Research Group Inc. has extensive operations in the United States as well as in Canada.

Officers -

| | |
|---|---|
| President | - G.A. Fierheller, Ottawa, Ontario; |
| Vice-President, Management Services | - W.W. Beairsto, Ottawa, Ontario; |
| Vice-President, Computer Services | - G.N. Hughes, Ottawa, Ontario; |
| Vice-President, Finance and Secretary-Treasurer | - J.G. Keogh, Ottawa, Ontario; |

Cont'd.....

Officers Cont'd -

| | |
|---|---|
| Vice-President, Marketing | - J.M. Kyle, Toronto, Ontario; |
| Senior Advisor to the President | - F.F. Van Humbeck, Ottawa, Ontario. |

Directors - Mr. Fierheller and the following:

P. de Gaspe Beaubien, Outremont, Quebec, President of Telemedia Inc.;
J.W. Graham, Kitchener, Ontario, Director of Computing Centre and Professor of Mathematics at University of Waterloo;
W.J. McCarthy, Town of Mount Royal, Quebec, Senior Vice-President of Finance, Sun Life Assurance of Canada, Montreal;
J.R. LeMesurier, Toronto, Ontario, Vice-President and Director of Wood Gundy Limited;
G.M. Morton, Rockcliffe Park, Ottawa, Ontario, Vice-President of Systemplan Limited;
J.M. Russell, Ottawa, Ontario, President of Systemplan Limited;
J.M. Tory, Toronto, Ontario, Partner in the law firm of Tory, Tory, DesLauriers & Binnington;
R.W. Judy, Toronto, Ontario, Chairman of Systems Research Group Inc. and Professor of Economics at the University of Toronto;
J.B. Levine, Don Mills, Ontario, President of Systems Research Group Inc.

CAPITALIZATION AS AT DECEMBER 31, 1972

| SHARE CAPITAL | AUTHORIZED | ISSUED AND OUTSTANDING | TO BE LISTED |
|---|---|---|---|
| Common Shares without par value<br>* of which 1,171,952 are subject to issuance | 4,000,000 | 1,834,889 | 2,994,613 |
| FUNDED DEBT | | | |
| 5% Secured Convertible Debentures, Series A due February 15, 1989 | $10,000,000 | 9,438,000 | Nil |

Escrowed Shares - 285,872 shares are held in escrow subject to release with consent of the Ontario, Alberta & Quebec Securities Commission.

Shares Under Option - 130,331 common shares are reserved for employee stock options.

Transfer Agent & Registrar - Canada Permanent Trust Company, Toronto, Montreal, Winnipeg, Calgary & Vancouver.

Earnings - for the quarter ended (year end is June 30th)

| | | |
|---|---|---|
| March 31, 1972 | - | $35,280 |
| June 30, 1972 | - | 48,133 |
| Sept. 30, 1972 | - | 13,522 |
| Dec. 31, 1972 | - | 278,241 |

Subsidiaries - Softwarehouse Limited,
Systemplan Limited,
Systems Research Group Inc.,
SDL International Inc.

Listed on Other Exchanges - Montreal Stock Exchange.

BY ORDER OF THE BOARD OF GOVERNORS

AILSA M. CURRIE,
Secretary.

AR86

**This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.**

LISTING STATEMENT NO. 2602

LISTED FEBRUARY 19, 1973.
2,994,613 Common Shares without par value of which 1,159,724 shares are subject to issuance.
Stock Symbol SDL
Post Section 8.6

# THE TORONTO STOCK EXCHANGE

## LISTING STATEMENT

# SYSTEMS DIMENSIONS LIMITED
# SYSTÈMES DIMENSIONS LIMITÉE

Incorporated under the Laws of Canada by
Letters Patent dated March 12, 1968

**CUSIP 872000 10 4**

CAPITALIZATION AS AT DECEMBER 31, 1972

| SHARE CAPITAL | Authorized | Issued and Outstanding | To be Listed |
|---|---|---|---|
| Common Shares without par value of which 1,159,724 are subject to issuance | 4,000,000 | 1,834,889 | 2,994,613 |
| FUNDED DEBT | | | |
| 5% Secured Convertible Debentures, Series A due February 15, 1989 | $10,000,000 | 9,438,000 | Nil |

## 1. APPLICATION

Systems Dimensions Limited — Systèmes Dimensions Limitée (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 2,994,613 common shares without par value in the capital stock of the Company, of which 1,834,889 have been issued and are outstanding as fully-paid and non-assessable. The remaining 1,159,724 common shares incuded in this application have been reserved as follows:

| | |
|---|---|
| Reserved for issue pursuant to stock options granted to employees of the Company (Page 5) | 130,331 Common Shares |
| Reserved for issue upon conversion of outstanding 5% Secured Convertible Debentures, Series A (Page 6) | 831,393 Common Shares |
| Reserved for issue as further consideration for the acquisition of two subsidiary companies (Page 6) | 198,000 Common Shares |
| TOTAL | 1,159,724 Common Shares |

## 2. HISTORY

The Company is an Ottawa-based computer service company. The company was incorporated in March, 1968, and later in that year embarked on a program of establishing a major computer service bureau in the City of Ottawa to provide computer services to the Ottawa market as well as other markets in Eastern Canada.

In February, 1969, a public underwriting of $17.5 million of convertible debentures and common shares was successfully completed.

In June, 1969, the Company completed its modern Systemcentre building on a 4.5-acre property in the Confederation Heights district of Ottawa and commenced providing time-sharing computer services on a leased IBM System/360 Model 65 Computer. This leased computer was replaced in January, 1970, by a purchased IBM System/360 Model 85 Computer, one of the most powerful computers available in North America at the present time.

Since 1969, the Company has expanded its operations to Toronto and Montreal where it now provides a time-sharing service identical to that offered in Ottawa, using high-speed communication lines. In 1970, the Company extended the marketing of its time-sharing services into the North-Eastern U.S.A. where it now operates through a wholly-owned subsidiary, SDL International Inc., with offices in Boston and New York City which provide the Company's full range of services to a growing American clientele.

In 1971, the Company acquired its first wholly-owned subsidiary, Softwarehouse Limited, an Ottawa contract programming organization. Early in 1972, the Company established Systemplan Limited as a wholly-owned subsidiary to provide consulting services in the area of large computer systems. In October, 1972, the Company made a major corporate acquisition in its purchase of all the issued and outstanding shares of Systems Research Group Inc., Canada's leading company in the fields of policy analysis and development of computer-based systems for planning and management. As shown by its financial history depicted below, the Company has progressed quite rapidly since it commenced operation.

| | Sales | Profit (Loss) |
|---|---|---|
| Year ended June 30, 1970 | $ 1,330,000 | ($2,604,000) |
| Year ended June 30, 1971 | $ 4,084,000 | ($1,546,000) |
| Year ended June 30, 1972 | $ 5,888,000 | ($ 434,000) |

The Company has been operating at a profitable level since February, 1972, after deducting full depreciation and other non-cash charges as set out below.

| | Profit (Loss) |
|---|---|
| Six months ended December 31, 1972 | $ (518,000) |
| Quarters ended: | |
| March 31, 1972 | $ 35,000 |
| June 30, 1972 | $ 48,000 |
| September 30, 1972 | $ 13,500 |
| December 31, 1972 | $ 278,200 |

The decline in the level of profits in the quarter ended September 30, 1972, is a direct result of the slower business period during the summer months which is experienced in the industry.

The continued progress over the past four consecutive profitable quarters comes both from growth of the computer services business and additional business generated by the subsidiaries, as set out below.

## CONSOLIDATED OPERATING SUMMARIES

| | Quarters Ended | | | |
|---|---|---|---|---|
| | March 31 1972 | June 30, 1972 | September 30, 1972 | December 31, 1972 |
| Income: | | | | |
| Sale of Computer Time and Services | $1,661,434 | $1,729,665 | $1,696,279 | $2,445,791 |
| Expenses: | | | | |
| Operation Costs | 813,579 | 867,351 | 928,336 | 1,259,287 |
| Selling, customer services and administrative expenses | 605,937 | 614,174 | 552,506 | 769,989 |
| Amortization of deferred charges | 71,468 | 73,727 | 73,663 | 37,956 |
| | 1,490,984 | 1,555,252 | 1,554,505 | 2,067,232 |
| Profit before financial expense and income | 170,450 | 174,413 | 141,774 | 378,559 |
| Government Research Grant | | | | 17,984 |
| Interest expense and amortization of debenture discount | 143,434 | 141,105 | 143,434 | 135,610 |
| Interest Income | 8,264 | 14,825 | 15,182 | 17,308 |
| | 135,170 | 126,280 | 128,252 | 100,318 |
| Profit for the period | $ 35,280 | $ 48,133 | $ 13,522 | $ 278,241 |

## 3. NATURE OF BUSINESS

The Company was established to provide a variety of computer services to commercial, industrial, financial and government organizations.

The Company's Computer Service Division sells computer service on a time-sharing basis either "over-the-counter" or remotely via communication lines. This remote "demand processing" is available either as RJE (Remote Job Entry) or CRBE (Conversational Remote Batch Entry).

In addition, through its Management Services Division, the Company offers a range of services including full or partial facilities management of a customer's data processing installation and services related to the selection, installation, operation, evaluation, and improvement of a customer's computer installation.

Systemplan Limited, a wholly-owned subsidiary based in Ottawa, provides professional counsel in the field of large or complex systems design and review.

Softwarehouse Limited, another wholly-owned subsidiary based in Ottawa, offers services in the areas of systems design, program development, project management and consulting.

Systems Research Group Inc. is a Toronto-based company which applies sophisticated analytical techniques to arrive at computer-based solutions for problems in the fields of education, health care, urban development, environmental control and other fields of social concern. Systems Research Group Inc. has extensive operations in the United States as well as in Canada.

## 4. INCORPORATION

The Company was incorporated under the laws of Canada by Letters Patent dated March 12, 1968, as a private company with an authorized capital of 19,000 preferred shares of the par value of ten dollars each and 10,000 common shares without par value. By Supplementary Letters Patent dated October 9, 1968, the authorized capital was altered by the cancellation of 19,000 preferred shares and the creation of 2,990,000 additional common shares without par value ranking *pari passu* with the existing 10,000 authorized common shares of the Company, and the objects of the Company were broadened to include the operation of a computer service bureau. By Supplementary Letters Patent dated December 17, 1968, the Company became a public company and its name was changed to the present form. The approval of the shareholders was received at a meeting held on November 9, 1972, to make application for Supplementary Letters Patent creating an additional one million common shares without nominal or par value ranking on a parity with the existing three million common shares without nominal or par value of the Company. Supplementary Letters Patent was received authorizing this increased capital on December 18, 1972.

## 5. SHARE ISSUES SINCE INCORPORATION

None of the 19,000 preferred shares referred to above were issued. The common shares of the Company have been issued as follows.

| Date of Issue | Number of Shares Issued | Amount Realized Per Share | Total Amount Realized | Purpose of Issue |
|---|---|---|---|---|
| June 12, 1968 | 3 | $ 1.00 | $ 3.00 | Incorporators' shares |
| June 12, 1968 | 4,998 | 0.10 | 499.80 | Shares issued to the founders of the Company |
| October 3, 1968 | 1,482 | 0.10 | 148.20 | |
| October 11, 1968 | 473,517 | 0.05 | 23,349.00 | |
| October 15, 1968 | 22,000 | 1.00 | 22,000.00 | Shares issued pursuant to the exercise of stock options by employees |
| December 13, 1968 | 1,000 | 1.00 | 1,000.00 | |
| January 31, 1969 | 4,000 | 1.00 | 4,000.00 | |
| January 31, 1969 | 50,000 | 6.00 | 300,000.00 | Shares issued pursuant to the exercise of an option dated December 1, 1968, granted by the Company to The Toronto Dominion Bank |
| February 18, 1969 | 750,000 | 9.40 | 7,050,000.00 | Shares issued pursuant to the public offering of 750,000 common shares of the Company described in the prospectus dated January 31, 1969, referred to in Item 13 |
| May 14, 1970 | 300,000 | 4.82 | 1,466,000.00 | Shares issued pursuant to a private placement of 300,000 common shares of the Company referred to in Item 13 |
| February 2, 1972 | 32,000 | 9.00 | 288,000.00 | Shares issued as consideration for all the issued and outstanding shares of Softwarehouse Ltd. referred to in Items 9 and 11 |

| Date of Issue | Number of Shares Issued | Amount Realized Per Share | Total Amount Realized | Purpose of Issue |
|---|---|---|---|---|
| March 1, 1969, to June 30, 1972 | 4,980 | 12.45 | 62,000.00 | Shares issued pursuant to conversion of 5% Secured Convertible Debentures, Series A |
| July 1, 1972, to December 31, 1972 | 44,950 | 10.64 | 478,456.00 | |
| June 30, 1970, to June 30, 1972 | 1,625 | 7.94 | 12,900.58 | Shares issued pursuant to the exercise of stock options by employees |
| July 1, 1972, to December 31, 1972 | 11,001 | 7.39 | 81,325.00 | |
| October 12, 1972 | 133,333 | 15.00 | 2,000,000.00 | Shares issued as part of the consideration for all the issued and outstanding shares of Systems Research Group Inc. |
| TOTAL | 1,834,889 | | $11,789,681.58 | |

6. STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of shareholders. The Company has no other class of shares besides common shares.

7. DIVIDEND RECORD

The Company has not paid any dividend on its shares.

8. RECORD OF PROPERTIES

The Company owns a property at 770 Brookfield Road in the City of Ottawa with a frontage of 596 feet, a depth of 322 feet and an area of 4.5 acres. The head office, service bureau and computer equipment of the Company are situated on this property in a building with an area of 68,000 square feet. This property, together with the computer equipment of the Company, is subject to the first fixed and specific charge referred to in Item 10.

The Company also holds under a lease and a sub-lease, both expiring in 1974, office premises in Toronto and Montreal.

Systemplan Limited and Softwarehouse Limited both lease office premises in Ottawa.

SDL International Inc. leases office premises in New York and Boston.

Systems Research Group Inc. leases office premises in Toronto and New York.

9. SUBSIDIARY COMPANIES

| Name of Company | Incorporated | Share Capital Class | Par Value | Authorized | Issued | % Owned By Company | Nature of Business |
|---|---|---|---|---|---|---|---|
| Softwarehouse Limited | Ontario | common | none | 10,000 | 1,000 | 100% | See Item 3 |
| | | preferred | $10 | 1,193 | none | | |
| Systemplan Limited | Canada January 28, 1972 | common | none | 50,000 | 100 | 100% | See Item 3 |
| Systems Research Group Inc. | Ontario October 14, 1970 | common | $1 | 650,000 | 650,000 | 100% | |
| | | preferred | $1 | 650,000 | 650,000 | 100% | See Item 3 |
| SDL International Inc. | Delaware August 24, 1972 | common | $1 | 1,000 | 100 | 100% | See Item 2 |

10. FUNDED DEBT

(a)

| Description of Issue | Aggregate Amount Authorized | Principal Amount Outstanding | Maturity Date | Interest Dates |
|---|---|---|---|---|
| 5% Secured Convertible Debentures Series A | $10,000,000 | $9,438,000 | February 15, 1989 | February 15 and August 15 |

(b) *Redemption and Sinking Fund*

The 5% Secured Convertible Debentures Series A (the "Series A Debentures") are not redeemable by the Company prior to February 15, 1973. The Series A Debentures are redeemable thereafter and prior to maturity in whole at any time or in part from time to time, at the option of the Company, on not less than 30 days' notice, for other than sinking fund purposes, at prices equal to the following percentages of the principal amount thereof, together in each case with accrued and unpaid interest to the date fixed for redemption:

| If redeemed in the 12 months ending February 15 | Percentages | If redeemed in the 12 months ending February 15 | Percentages |
|---|---|---|---|
| 1974 | 105.00 | 1982 | 102.20 |
| 1975 | 104.65 | 1983 | 101.85 |
| 1976 | 104.30 | 1984 | 101.50 |
| 1977 | 103.95 | 1985 | 101.15 |
| 1978 | 103.60 | 1986 | 100.80 |
| 1979 | 103.25 | 1987 | 100.45 |
| 1980 | 102.90 | 1988 | 100.10 |
| 1981 | 102.55 | 1989 | 100.00 |

The Company has the right to purchase Series A Debentures in the market or by private contract at prices not exceeding 105% of the principal amount thereof if purchased on or prior to February 15, 1973, and thereafter at prices not exceeding the foregoing percentages of the principal amount thereof together with accrued interest and costs of purchase. As of the date hereof, no Series A Debentures have been purchased or redeemed.

A sinking fund is to be provided for the Series A Debentures, in each of the years 1980 to 1988 inclusive, sufficient to retire $1,000,000 principal amount of such Series A Debentures on February 15 in each of such years. The Series A Debentures will be redeemable out of sinking fund monies at the principal amount thereof plus accrued and unpaid interest to the date for redemption. Series A Debentures redeemed or purchased by the Company after February 15, 1979, for other than sinking fund purposes shall establish a sinking fund credit which may be applied to the satisfaction in whole or in part of future sinking fund obligations.

(c) *Security*

The Series A Debentures are secured under a Deed of Trust and Mortgage dated as of February 15, 1969, and made between the Company and Canada Permanent Trust Company, as trustee by:

(i) a first fixed and specific mortgage, pledge and charge of and on all present and future freehold and leasehold properties of the Company and all buildings, improvements and fixed machinery, plant and equipment situate thereon, including the interest of the Company in computers and computer equipment; and

(ii) a first floating charge on the Company's undertaking and its other property and assets both present and future, subject to the right of the Company to deal with such property and assets in the ordinary course of its business and to give security to its bankers and others in the ordinary course of its business, ranking in priority to such floating charge, to secure loans payable on demand or maturing within 12 months.

## 11. OPTIONS, UNDERWRITINGS, ETC.

(a) As of the date hereof options are outstanding under the Company's Employees' Stock Option Plan on 84,421 common shares at prices ranging from $4.05 to $11.925 per share (being not lower than 90% of the market prices at the date of grant) with expiry dates ranging from May 1, 1974, to May 1, 1977, representing in each case a 5-year term from the date of grant. As of the date hereof no further common shares have been reserved for issue under this plan.

(b) As of the date hereof options are outstanding under the Company's Key Employees' Stock Option Plan on 45,910 common shares at an option price of $6.00 per share, being 90% of the market price of the shares on November 3, 1971, when the options were granted. The options are for a term of three years expiring on November 3, 1974. The holders of these options include the officers of the Company with the exception of Mr. Fierheller, the Company's President and one of the founders. The holders of options granted pursuant to this Plan currently hold options granted pursuant to the Employees' Stock Option Plan referred to in Item 11(a) above to purchase 40,450 common shares. As of the date hereof, no further common shares have been reserved for issue under this Plan.

(c) As of the date hereof 285,872 common shares are held in escrow pursuant to an escrow agreement dated February 20, 1969, made between Messrs. George A. Fierheller, Guy M. Morton, John Russell and Redmond Quain, Jr., the founders of the Company, Canada Permanent Trust Company, as escrow agent, and Wood Gundy Limited. The escrow agreement was entered into at the time of the public offering of $10,000,000 principal amount of Series A Debentures and 750,000 common shares of the Company. Since the date of the escrow agreement, 174,728 shares have been released from escrow of which 75,000 shares were contributed by the founders in connection with the private placement of 300,000 new shares of the Company in 1970. Each of Messrs. Fierheller, Morton and Russell has 73,531 shares in escrow and may make application for the release of such shares as follows:

| Date | Number of Deposited Shares |
|---|---|
| up to February 28, 1973 | 20,303 |
| up to February 28, 1974 | 56,560 (cumulative) |
| after February 28, 1974 | 73,531 (cumulative) |

Mr. Quain may not make application for the release of the 65,279 common shares held in escrow in his name until February 28, 1974. Any releases of such remaining shares from escrow are subject to the complete discretion of the Ontario, Alberta and Quebec Securities Commissions.

(d) Each of the Series A Debentures of the Company is convertible at the holder's option at any time up to the close of business on February 15, 1979, or the business day immediately preceding the date fixed for redemption of such Series A Debenture, whichever is earlier, into fully-paid and non-assessable common shares of the Company as presently constituted (without adjustment for interest accrued on such Series A Debenture or for dividends on shares issuable upon conversion). In the event of (a) any reduction in the number of shares outstanding due to consolidation or (b) any increase in the number of shares outstanding due to subdivision thereof, a proportionate adjustment is to be made in the number of shares issuable upon conversion. In addition, the Deed of Trust and mortgage providing for the issue of the Debentures contains appropriate provisions to protect the conversion privilege against dilution.

As of the date hereof the conversion rate is 88.09 common shares for each $1,000 principal amount of Series A Debentures to be converted, representing a conversion price of $11.35 per common share.

49,930 common shares have been issued on the conversion of $562,000 principal amount of Series A Debentures and 831,393 common shares have been reserved to meet the conversion privilege attached to the remaining principal amount of such Debentures.

(e) By agreement dated January 14, 1972, the Company acquired all the issued and outstanding shares of Softwarehouse Limited for a purchase price of $450,000 to be satisfied by the issue of 32,000 common shares on the date of closing and of a further 18,000 common shares at later dates more particularly set out below. At the closing, which took place on February 1, 1972, 5,000 common shares were delivered to the vendors and 27,000 common shares were delivered to Messrs. Tory, Tory, DesLauriers & Binnington to be held in escrow for the vendors. The escrow arrangement provides that 4,500 common shares be released from escrow on the first day of June, 1972, and the first days of January and June in the years 1973 and 1974 and the first day of January, 1975. The 18,000 common shares referred to above have been reserved for issue and, subject to the provisions of the agreement providing for reduction of the purchase price under certain conditions relating to the earnings of Softwarehouse Limited, are to be issued as follows:

December 31, 1972 — 6,000 common shares
December 31, 1973 — 6,000 common shares
December 31, 1974 — 6,000 common shares

(f) By agreement dated October 12, 1972, the Company acquired all the issued and outstanding shares of Systems Research Group Inc. for a purchase price of $6,750,000. Of this amount $200,000 was paid in cash, $1,100,000 was satisfied by the issue of notes of the Company maturing serially until August, 1973, and $2,000,000 was paid by the issue to Canada Permanent Trust Company, in escrow for the vendors, of 133,333 common shares of the Company, such shares to be released to the vendors in four installments on April 10, 1973, October 10, 1973, April 10, 1974, and October 10, 1974. The release of a portion of the final installment may be deferred and ultimately reduced in the event that Systems Research Group Inc. is not successful in collecting certain receivables.

The balance of the purchase price in the amount of $3,450,000 is to be satisfied as to the sum of $2,700,000 by the issue to the vendors on July 1, 1973, and July 1, 1974, of an additional 130,000 and 50,000 common shares respectively and as to the balance of $750,000 by the issue of a further 50,000 common shares in installments up to September 1, 1978, or, at the option of the Company, by the payment to the vendors of the then market value of such further 50,000 shares. The 130,000 shares and the 50,000 shares to be issued on July 1, 1973, and July 1, 1974, have been reserved for issue and are included in the shares to be listed pursuant to this application. Application to list the further 50,000 shares will be made only if and when the Company exercises its option to issue such shares. The issue of the foregoing shares may be deferred and ultimately reduced in the event that Systems Research Group Inc. does not attain certain levels of earnings in 1973 and does not receive certain revenue under specified contracts in the years 1973 to 1978 inclusive.

## 12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

## 13. STATUS UNDER SECURITIES ACT

On February 20, 1969, the Company made a public offering of the Series A Debentures and 750,000 common shares. In connection with the public offering a prospectus complying with the requirements of The Securities Act, 1966 (Ontario) was duly filed with the Ontario Securities Commission and a receipt therefor dated January 31, 1969, was obtained. The prospectus was duly filed under the provisions of all similar acts of other provinces of Canada and a copy of the prospectus was duly filed under the provisions of the Canada Corporations Act.

On May 14, 1970, the Company issued 300,000 common shares pursuant to a private placement. In connection with this transaction the Ontario Securities Commission, the Quebec Securities Commission and the Alberta Securities Commission consented to the release from escrow of 75,000 shares which were subject to the escrow agreement referred to in Item 11(c) (i) above. The Company is up to date in respect of all filings required of it under The Securities Act (Ontario) and all similar acts of the other provinces of Canada where filings are required.

14. FISCAL YEAR

The fiscal year of the Company ends on June 30 in each year.

15. ANNUAL MEETINGS

The By-laws of the Company provide that the Annual Meeting of the Company shall be held at such time and place in each year as the Board of Directors shall from time to time determine. The last annual meeting of the Company was held at the head office of the Company on November 9, 1972.

16. HEAD AND OTHER OFFICES

The head office is located at 770 Brookfield Road, Ottawa, Ontario, Canada, The Company also has offices at 15 Toronto Street, Toronto, Ontario, and 555 Dorchester Boulevard West in Montréal, Québec. Systemplan Limited has an office at Place de Ville, Ottawa, Ontario. Softwarehouse Limited has an office at 233 Gilmour Avenue, Ottawa, Ontario. Systems Research Group, Inc. has an office at 252 Bloor Street West, Toronto, Ontario.

17. TRANSFER AGENT

The Transfer Agent of the Company is Canada Permanent Trust Company at its principal offices in Toronto, Montreal, Winnipeg, Calgary and Vancouver.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customery Government stock transfer taxes.

19. REGISTRAR

The registrar for the shares of the Company is Canada Permanent Trust Company at its principal offices in Toronto, Montreal, Winnipeg, Calgary and Vancouver.

20. AUDITORS

The auditors of the Company are Price, Waterhouse & Co., 116 Albert Street, Ottawa, Ontario.

21. OFFICERS

The Officers of the Company are:

| Name and Home Address | Office Held | Principal Occupation for Past Five Years |
|---|---|---|
| G. A. Fierheller<br>3332 Riverside Drive<br>Ottawa, Ontario | President | Account Manager and Marketing Manager, Ottawa, for IBM until he joined the Company in 1968 as founder and President. |
| W. W. Beairsto<br>38 Avonlea Road<br>Ottawa, Ontario | Vice-President, Management Services | Marketing Manager for Canada Data Centre Service Division of IBM until 1968 when he joined the Company. |
| G. N. Hughes<br>69 Parkland Crescent<br>Ottawa, Ontario | Vice-President, Computer Services | Marketing Manager for IBM until 1969, District Manager of AGT Data Systems Ltd. until 1971, Vice-President, Production and Development of Consolidated Computer Ltd. during 1971; joined the Company on December 15, 1971. |
| J. G. Keogh<br>1849 Ferncroft Crescent<br>Ottawa, Ontario | Vice-President, Finance, and Secretary-Treasurer | Vice-President, Administration, of Black MacDonald Limited until 1969 when he joined the Company. |
| J. M. Kyle<br>2 Garfield Avenue<br>Toronto, Ontario | Vice-President, Marketing | Manager of Finance and Insurance, Toronto branch, IBM until 1968 when he joined the Company. |
| F. F. Van Humbeck<br>38 Brian Crescent<br>Ottawa, Ontario | Senior Advisor to the President | Manager of Systems Development of Domtar Ltd. until 1968 when he joined the Company. |

22. DIRECTORS

The Directors of the Company are:

| Name and Home Address | Principal Occupation for Past Five Years |
|---|---|
| P. de Gaspé Beaubien<br>648 Dollard Boulevard<br>Outremont, Québec | Director of operations for Expo 67 in 1967, President of Telemedia Inc. from 1968 to present. |
| G. A. Fierheller<br>3332 Riverside Drive<br>Ottawa, Ontario | Account Manager and Marketing Manager for Ottawa of IBM Canada until 1968 when he assumed his present position with the Company. |

| Name and Home Address | Principal Occupation for Past Five Years |
|---|---|
| J. W. Graham<br>8 Russet Place<br>Kitchener, Ontario | Director of Computing Centre and Professor of Mathematics at University of Waterloo. |
| W. J. McCarthy<br>25 Beverly Avenue<br>Town of Mount Royal, Québec | Senior Vice-President of Finance, Sun Life Assurance of Canada, Montréal. |
| J. R. LeMesurier<br>9 Dinnick Crescent<br>Toronto, Ontario | Vice-President and Director of Wood Gundy Limited. |
| Guy M. Morton<br>641 Acacia Avenue<br>Rockcliffe Park<br>Ottawa, Ontario | Manager, Field Systems Engineering of IBM in Ottawa until 1967, Account Manager for IBM for Dominion Bureau of Statistics until 1968, Vice-President, Operations of the Company, until 1972, presently the Vice-President of Systemplan Limited, a wholly-owned subsidiary of the Company. |
| J. M. Russell<br>458 Roger Road<br>Ottawa, Ontario | Senior Systems Engineer until 1968, a founder of the Company and Vice-President, Systems, of the Company until 1972 when he became the President of Systemplan Limited, a wholly-owned subsidiary of the Company. |
| J. M. Tory<br>11 Dinnick Crescent<br>Toronto, Ontario | Partner in the law firm of Tory, Tory, DesLauriers & Binnington. |
| R. W. Judy<br>35 Castlefrank Road<br>Toronto, Ontario | Chairman of Systems Research Group Inc. and Professor of Economics at the University of Toronto. |
| J. B. Levine<br>32 Falonica Road<br>Don Mills, Ontario | President of Systems Research Group Inc. |

## CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Systems Dimensions Limited, hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

SYSTEMS DIMENSIONS LIMITED

Corporate Seal

"G. A. FIERHELLER",
President

"J. G. KEOGH",
Secretary

## DISTRIBUTION OF COMMON STOCK AS OF OCTOBER 12, 1972.

| Number | | Shares |
|---|---|---|
| 291 | Holders of 1 — 24 share lots | 3,501 |
| 979 | „ „ 25 — 99 „ „ | 56,345 |
| 579 | „ „ 100 — 199 „ „ | 64,197 |
| 242 | „ „ 200 — 299 „ „ | 51,295 |
| 84 | „ „ 300 — 399 „ „ | 26,351 |
| 48 | „ „ 400 — 499 „ „ | 19,960 |
| 147 | „ „ 500 — 999 „ „ | 88,467 |
| 170 | „ „ 1000 — up „ „ | 1,513,916 |
| 2,540 | Shareholders — Total shares | 1,824,032 |

# FINANCIAL STATEMENTS

## SYSTEMS DIMENSIONS LIMITED

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1972

### ASSETS

| | |
|---|---|
| Current Assets: | |
| Cash | $ (6,981) |
| Short-term deposits and notes | 1,050,000 |
| Accounts receivable | 1,981,048 |
| Project Fund held in trust, to be released within one year | 4,840 |
| Prepaid expenses | 167,683 |
| | 3,196,590 |
| Excess of cost over book value of investment in subsidiary at date of acquisition | 3,707,432 |
| Fixed assets, at cost | 15,371,146 |
| Less: Accumulated depreciation | 3,910,739 |
| | 11,460,407 |
| Deferred charges | 1,304,556 |
| | $19,668,985 |

### LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|---|---|
| Current liabilities: | |
| Accounts payable and accrued liabilities | $ 704,524 |
| Notes payable (Note 1) | 900,000 |
| Accrued debenture interest | 177,040 |
| Deferred revenue | 206,679 |
| Current portion of installment contracts | 213,704 |
| Bank loan | 160,000 |
| Income taxes (Note 2) | 20,256 |
| | 2,382,203 |
| Long-term debt: | |
| 5% secured convertible debentures, Series A, due February 15, 1989 | 9,438,000 |
| Installment contracts — payable in monthly installments to December 10, 1974 | 351,513 |
| | 9,789,513 |
| Share capital and deficit: | |
| Common stock without nominal or par value (Note 3) — | |
| Authorized — 4,000,000 shares<br>Issued — 1,834,889 shares | 11,789,680 |
| Deficit | (4,292,411) |
| | 7,497,269 |
| | $19,668,985 |

The above statement is unaudited and subject to year-end adjustments.

## SYSTEMS DIMENSIONS LIMITED

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED DECEMBER 31, 1972

| | |
|---|---|
| Source of funds: | |
| Profit for the period | $ 291,763 |
| Plus: Non-cash charges included therein — | |
| Depreciation of fixed assets | 661,677 |
| Amortization of deferred charges | 162,469 |
| Funds derived from operations | 1,115,909 |
| Common stock issued re: acquisition of SRG (Note 1) | 2,000,000 |
| Common stock issued on conversion of debentures | 478,456 |
| Reduction of deferred debenture discount on conversion of debentures | 20,306 |
| Proceeds from exercise of employee stock options | 81,325 |
| Installment contracts payable assumed on purchase of computer equipment | 314,320 |
| Proceeds from sale of magnetic tape | 620 |
| | 4,010,936 |
| Application of funds: | |
| Acquisition of subsidiary — SRG (Note 1) | 3,300,000 |
| Negative working capital acquired on purchase of shares in SRG | 226,188 |
| Purchased of fixed assets | 574,907 |
| Conversion of debentures to common stock | 500,000 |
| Payments on installment contracts | 90,965 |
| Deferred charges — | |
| Purchase of magnetic tapes, discs and other peripheral equipment | 10,489 |
| Development costs | 31,208 |
| | 4,733,757 |
| Decrease in working capital | 722,821 |
| Working capital at beginning of period | 1,537,208 |
| Working capital at end of period | $ 814,387 |
| Current assets | 3,196,590 |
| Current liabilities | 2,382,203 |
| Working capital | $ 814,387 |

The above statement is unaudited and subject to year-end adjustments.

### CONSOLIDATED STATEMENT OF DEFICIT SIX MONTHS ENDED DECEMBER 31, 1972

| | |
|---|---|
| Deficit at July 1, 1972 | $4,584,174 |
| Profit for the six months ended December 31, 1972 | 291,763 |
| Deficit at December 31, 1972 | $4,292,411 |

The above statement is unaudited and subject to year-end adjustments.

## SYSTEMS DIMENSIONS LIMITED

### CONSOLIDATED OPERATING SUMMARIES

| | Quarters Ended | | Six Months Ended |
|---|---|---|---|
| | September 30, 1972 | December 31, 1972 | December 31, 1972 |
| Income: | | | |
| Sale of Computer Time and Services (Note 4) | $1,696,279 | $2,445,791 | $4,142,070 |
| Expenses: | | | |
| Operation Costs | 928,336 | 1,259,287 | 2,187,623 |
| Selling, customer services and administrative expenses | 552,506 | 769,989 | 1,322,495 |
| Amortization of deferred charges | 73,663 | 37,956 | 111,619 |
| | 1,554,505 | 2,067,232 | 3,621,737 |
| Profit before financial expense and income | 141,774 | 378,559 | 520,333 |
| Government Research Grant | | 17,984 | 17,984 |
| Interest expense and amortization of debenture discount | 143,434 | 135,610 | 279,044 |
| Interest Income | 15,182 | 17,308 | 32,490 |
| | 128,252 | 100,318 | 228,570 |
| Profit for the period (Note 2) | $ 13,522 | $ 278,241 | $ 291,763 |
| Earnings per share before debenture conversion | $0.1 | $0.16 | $0.17 |
| Earnings per share after debenture conversion | $0.06 | $0.17 | $0.23 |

NOTE: The Operating results for the Quarters ended September 30 and December 31, 1972, are unaudited and subject to year-end adjustment.

### CONSOLIDATED STATEMENT OF INCOME

| | Six Months Ended December 31 | |
|---|---|---|
| | 1972 | 1971 |
| Income: | | |
| Sale of computer time and services | $4,142,070 | $2,425,206 |
| Expenses: | | |
| Operations costs | 2,187,623 | 1,730,056 |
| Selling, customer services and administrative expenses | 1,322,495 | 958,848 |
| Amortization of pre-operating expense and other deferred charges | 111,619 | 80,176 |
| | $3,621,737 | $2,769,080 |
| Profit (Loss) before grant, financial expense and income | 520,333 | (343,874) |
| Government research grant | 17,984 | 68,678 |
| Debenture interest and amortization | 279,044 | 260,868 |
| Interest income | 32,490 | 18,491 |
| | $ 228,570 | $ 173,699 |
| Profit (Loss) for the period | $ 291,763 | $ (517,573) |
| Earnings (Loss) per share before debenture conversion | $0.17 | ($0.32) |
| Earnings (Loss) per share after debenture conversion | $0.23 | ($0.10) |

The above statement is unaudited and subject to year-end adjustments.

## SYSTEMS DIMENSIONS LIMITED

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

| | Six Months Ended December 31 | |
|---|---|---|
| | 1972 | 1971 |
| Source of funds: | | |
| Profit (Loss) for the period | $ 291,763 | $(517,573) |
| Plus: Non-cash charges included therein — | | |
| Depreciation of fixed assets | 661,677 | 623,500 |
| Amortization of deferred charges | 162,469 | 92,596 |
| Funds derived from operations | $1,115,909 | $ 198,523 |
| Common stock issued re: acquisition of subsidiary | 2,000,000 | — |
| Common stock issued on conversion of debentures | 478,456 | — |
| Reduction of deferred debenture discount on conversion of debentures | 20,306 | — |
| Proceeds from exercise of employee stock options | 81,325 | 261 |
| Installment contracts payable assumed on purchase of computer equipment | 314,320 | 14,894 |
| Funds released from the Project Fund | — | 17,041 |
| | $4,010,316 | $ 230,719 |
| Application of funds: | | |
| Acquisition of subsidiary | 3,300,000 | — |
| Negative working capital acquired on purchase of shares of subsidiary | 226,188 | — |
| Purchase of fixed assets | 574,907 | 39,881 |
| Conversion of debentures to common stock | 500,000 | — |
| Payments on installment contracts | 90,965 | 35,662 |
| Deferred charges — | | |
| Purchase of magnetic tapes, discs and other peripheral equipment | 9,869 | 60,639 |
| Development costs | 31,208 | 205,238 |
| | $4,733,137 | $ 341,420 |
| Decrease in working capital | $ 722,821 | $ 110,701 |

The above statement is unaudited and subject to year-end adjustments.

### CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
### DECEMBER 31, 1972

1. Systems Research Group Inc. was acquired on October 12, 1972, for a total consideration of $6,750,000 made up of $3,300,000 on closing and $3,450,000 payable between July 1, 1973, and July 1, 1978, if certain warranties are attained.

   The $3,300,000 on closing is made up as follows:

| | | |
|---|---|---|
| Common shares 133,333 at $15.00 each | | $2,000,000 |
| Cash and notes | | 1,300,000 |
| | | $3,300,000 |
| Cash on closing (paid) | $ 200,000 | |
| Non-interest-bearing notes due | | |
| — December 10, 1972 (paid) | 200,000 | |
| — February 10, 1973 | 200,000 | |
| — April 10, 1973 | 200,000 | |
| — June 10, 1973 | 200,000 | |
| — August 10, 1973 | 300,000 | |
| | $1,300,000 | |

2. No provision is required for income taxes in the accounts of the parent due to the loss-carry-forward provisions of the Income Tax Act. $20,256 has been provided in the accounts of subsidiaries.
3. By Supplementary Letters Patent dated December 18, 1972, the authorized capital stock of the Company was increased to four million from three million common shares without nominal or par value with aggregate consideration not to exceed twenty million dollars.
4. The consolidated statement of income reflects the operating results of two new subsidiaries, SDL International Inc. and Systems Research Group Inc., for four months and three months respectively, which periods coincide with the dates of inception and acquisition.